



COUNTY OF LOS ANGELES
CHIEF INFORMATION OFFICE

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To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina, Chair Pro Tem
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
Supervisor Yvonne Brathwaite Burke

From: David E. Janssen
Chief Administrative Officer

J. Tyler McCauley
Auditor-Controller

Jon W. Fullinwider
Chief Information Officer

Subject: **JANUARY STATUS REPORT REGARDING LOS ANGELES COUNTY
ADMINISTRATIVE SYSTEM (LACAS)**

As previously indicated in our January 5, 2004 update to your Board, we have cancelled the LACAS procurement and are now reporting back with a revised strategy and operating plan. The current financial outlook will make it difficult for the County to invest in an all-encompassing enterprise resource planning initiative as envisioned with the LACAS project. Current circumstances have forced us to focus on the County's immediate need to replace our deteriorating core financial systems rather than a complete replacement of all our administrative applications as initially proposed. At this time, the most prudent decision is to upgrade the County's central Countywide Accounting and Purchasing System (CAPS) by installing American Management Systems' (AMS) latest software release. The new smaller scope project has been named eCAPS.

The legacy CAPS is over 17 years old and in a version no longer supported by AMS. In addition, the system has been modified extensively over the years and has become difficult to maintain, and a limited number of Auditor-Controller staff remain who understand the functionality and design of the existing system.

The upgrade approach to the County's core financial systems will:

- Provide improved financial information and support to decision-makers;
- Provide a critical interface to Health Services' general ledger, and its supporting applications, accounts receivable and payables from McKesson Corp./HBOC system, which the vendor plans to support for only the next two to three years;
- Meet the growing demand for more timely, accessible and detailed financial information;
- Migrate the County's critical financial systems to a level supported by the product vendor;
- Improve the departments' ability to maintain and train the workforce on critical County financial systems; and
- Lay a foundation for exploring more effective or efficient business processes.

Scope:

eCAPS will consist of a 15 month project (with post-implementation support of at least six (6) months to upgrade the existing core financial modules for General Ledger, Accounts Payable, Accounts Receivable, Cost/Project/Program and Grant Accounting. In addition, we will be upgrading the Auditor-Controller's data warehouse to link to these upgraded modules. These modules are all part of the current County software license with AMS. Attached is a diagram showing the current systems that will be replaced by eCAPS and those systems that will be impacted by the new eCAPS system.

The proposed project agreement will not cover other financial system functionality such as:

- Purchasing
- Inventory
- Budget Preparation/Publishing
- Fixed Assets
- Investment Management
- Cash Management

The County currently has licensing rights to upgrade the AMS Purchasing and Inventory modules. This project scope does not include the implementation of those modules, but does include the interface requirements to the County's purchasing system (CAMIS). As part of the design phase, the project team will analyze the requirements of this interface and explore alternative approaches which may be more efficient or cost effective for the County.

Costs:

The total upgrade project costs are estimated to be approximately \$15 million including software, implementation services, equipment, and ISD/ITS support. There will be no charge for the financial application software as it is available to the County under the existing maintenance agreement; however, the estimated cost includes additional essential third-party software at a price of approximately \$600,000. The staff will be entering into contract negotiations with AMS to finalize a software license, maintenance agreement and implementation services agreement. When completed, we will return with the final material for the Board's review and approval.

There is money allocated in this year's budget and expenditures would be spread over three fiscal years (FY 2003-2004, FY 2004-2005, and FY 2005-2006).

Project Timeline

Based on a need to implement a change to the General Ledger System at the beginning of a fiscal year to avoid complex conversions, a project implementation of July 1, 2005 is desired. In order to accomplish this date, the following are critical project milestones:

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| • Contract Approval | March 2004 |
| • Project Initiation | April 2004 |
| • Project Staff Training | April 2004 |
| • Application Design / Prototyping | April -- September 2004 |
| • Chart of Account Design Completed | September 2004 |
| • Development / Testing | October 2004 -- March 2005 |
| • Department / User Training / Rollout | April -- June 2005 |
| • Production | July 2005 |
| • Post Implementation Support | July -- December 2005 |

This timetable constitutes a 15-month project for the upgrade of the CAPS financial applications. Delays in the approval of the project and related contracts beyond March will jeopardize the project staff's ability to meet the July 2005 implementation date, and will extend the project an additional 12 months. Several critical factors related to this schedule are:

- Availability of accounting staff for design/prototyping input in April/July prior to fiscal year end close.
- The need to revise the Chart of Accounts (COA) design by August 2004 in preparation for the development of the FY 2005-2006 budget.
- The operational need to transition to a new system at the beginning of the fiscal year.

Departmental Support

The eCAPS project will be focused on the upgrade of the County's financial systems and will affect not only the Auditor-Controller's policies and procedures, but will affect ALL County departments. As such, the design/prototyping sessions will be conducted with input from all County departments and direct participation will be requested of the major departmental users. This countywide approach will be critical to designing a system that meets both enterprise and departmental specific needs.

The upgrade of the CAPS system to Advantage 3.3 will accomplish several County objectives that will have a direct benefit to all departments including:

- A more flexible, robust Chart of Accounts (COA) that will provide additional data collection and reporting capabilities;
- Web-based access for improving the County's business processes;
- Improved security, approval and edit capabilities; and
- The ability to explore modifying or eliminating internal manual processes.

We will be meeting with your Board deputies to provide them with an overview of the new strategic plan, and have asked County Counsel to assist in developing a contract agreement with AMS. Upon completion, the document will be submitted for your Board's approval.

If you have any questions, please contact Howard Baker, Associate CIO, at 213.974.1772.

DEF:JTM
JWF:HB:sjc

c: Department Heads
Executive Management Committee
Chair, Information Systems Commission